

INCOME PARTNERS MANAGED VOLATILITY  
HIGH YIELD BOND FUND - CLASS 2

Fund Manager's Report - 29 Aug 2025

CIES Eligible\*

## IMPORTANT INFORMATION

- I. Income Partners Managed Volatility High Yield Bond Fund (the "Fund") invests primarily in high yield debt instruments, which are below investment grade or unrated. The Fund will invest in high yield debt instruments, and as a result may be subject to substantial credit/counterparty risk, credit rating related risks, interest rates risk, liquidity risks, and valuation risks. The investments held by the Fund may fall in value and therefore your investment in the Fund may suffer losses.
- II. The Fund's managed volatility strategy may not achieve the desired results under all circumstances. While the Fund's manager will endeavor to manage the Fund such that it does not exceed its pre-determined annualized volatility target, there is no guarantee that such targets can be reached in all market conditions. Managed volatility does not necessarily mean lower risk and the Fund may still suffer losses.
- III. The Fund is denominated in RMB, and RMB is currently not freely convertible and is subject to exchange controls and restrictions. There is no guarantee that RMB will not depreciate. If you convert Hong Kong Dollar or any other currency into RMB so as to invest in the Fund and subsequently convert the RMB redemption proceeds back into Hong Kong Dollar or any other currency, you may suffer a loss if RMB depreciates against Hong Kong Dollar or other currency. In addition, the underlying investments in the Fund may be denominated in currencies other than RMB. The NAV may be affected favorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in the exchange rate controls.
- IV. The Fund invests in the Greater China region and in the China market and there is subject to emerging market risk including political, economic, legal, regulatory and liquidity risks.
- V. The Fund may invest in derivative transactions such as swaps, futures and forwards for hedging purposes. There is no guarantee that the hedging techniques will be effective.
- VI. In respect of the distribution Units of the Fund (save for Class 2C Dis (USD) Units), the Fund's manager currently intends to make monthly dividend distribution. However, the distribution amount of dividend rate is not guaranteed. In respect of the Class 2C Dis (USD) Units, the Fund's manager makes non-discretionary monthly distributions. For certain classes of Units of the Fund, the Fund's manager may at its discretion pay distributions out of the capital of the Fund. The Fund's manager may also, at its discretion, pay distributions out of gross income, while paying all or part of the fees and expenses of the capital of the Fund, resulting in an increase in distributable income for payment of distributions by the Fund. Therefore the Fund may effectively make payment of dividend out of capital. Payment of distributions out of capital represents a return or withdrawal of part of the amount they originally invested of from any capital gains attributable to the original investment. Any such distributions may result in an immediate reduction of the net asset value per unit of the Fund.
- VII. Investment involves risk. Past performance is not a guarantee or a reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future.
- VIII. In making investment decisions, investors should not rely solely on the information in this report and should read the offering document of the Fund of further details including the risk factors. This document does not constitute an offering document.

Share Class	NAV per share <sup>2</sup>	Dividend per share	Annualized Dividend Yield <sup>5</sup>
2A Acc (USD)	\$121.70		
2A Dis (USD)	\$40.79	\$0.26	8.1%
2B Acc (RMB)	¥134.82		
2B Dis (RMB)	¥44.60	¥0.28	7.9%
2C Dis (USD) <sup>5</sup>	\$44.42	\$0.26	7.0%
2D Acc (HKD)	\$73.74		
2D Dis (HKD)	\$40.15	\$0.25	7.9%
2E Dis (AUD)	\$52.66	\$0.30	7.1%
2F Acc (AUD-H)	\$86.64		
2F Dis (AUD-H)	\$48.14	\$0.29	7.6%
2G Acc (USD-H)	\$94.06		
2G Dis (USD-H)	\$43.57	\$0.29	8.4%
2I Acc (SGD-H)	\$70.04		
2I Dis (SGD-H)	\$47.28	\$0.27	7.1%
2K Dis (EUR-H)	€50.47	€0.24	5.9%
2L Dis (HKD-H)	\$46.45	\$0.31	8.4%

H = Hedged currency share class

Record Date: 29 Aug 2025

Ex-Dividend Date: 1 Sept 2025

Payment/Reinvestment Date: 3 Sept 2025

Please see [www.incomepartners.com](http://www.incomepartners.com) for details of historical dividend information for all applicable share classes.

Risk Measures	1 Year	3 Years	Since Inception
2B Acc (RMB)			
Annualized Volatility	4.02%	17.83%	10.29%
Sharpe Ratio <sup>6</sup>	-0.40	-0.10	-0.05

## Fund Characteristics

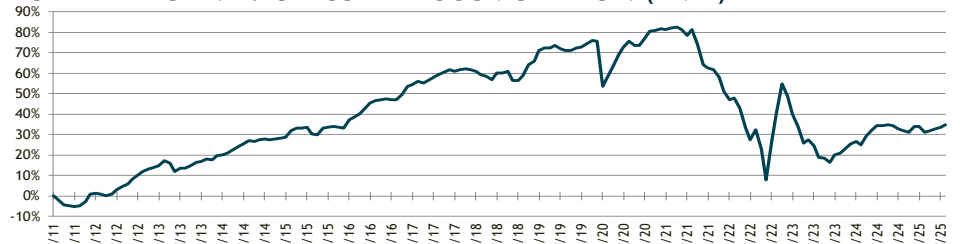
Yield to Maturity in RMB <sup>7,9</sup>	2.9%
Yield to Maturity in USD <sup>8,9</sup>	5.7%
Modified Duration (years)	3.5
Average Credit Rating <sup>10</sup>	BBB- (Issuer) / BB+ (Bond)
Number of bond holdings	63

Top 10 Holdings<sup>11</sup>: 41.1% of NAV

Electricite de France SA	4.9%
MTR Corp CI Ltd	4.6%
Far East Horizon Ltd	4.5%
Ford Motor Credit Co LLC	4.5%
Petroleos Mexicanos	4.0%
SoftBank Group Corp	3.9%
HKT Limited	3.9%
Meiji Yasuda Life Insurance Co	3.7%
China Hongqiao Group Ltd	3.7%
Rakuten Group Inc	3.4%

## INVESTMENT OBJECTIVE

The Fund seeks to maximize total investment returns, comprising capital appreciation and interest income by primarily investing in high yield debt instruments that are below investment grade or unrated. It aims to deliver high yield returns with a reduced level of volatility compared against the broader high yield market through an active managed volatility strategy by using both quantitative and qualitative measures. The Fund has a geographical focus on Greater China and Asia.

TOTAL RETURN<sup>2,3</sup>: CLASS 2B ACCUMULATION (RMB)CUMULATIVE PERFORMANCE AND CALENDAR YEAR PERFORMANCE<sup>2</sup>

Share Class	Year-to-date (YTD)	1 Year	3 Years (Annualized)	5 Years (Annualized)	Since Inception (Annualized)	2020	2021	2022	2023	2024	Inception Date (dd/mm/yy)
2A Acc (USD)	5.00%	-0.29%	-0.46%	-5.94%	1.40%	10.75%	-8.23%	-20.22%	-16.37%	5.94%	27/07/11
2A Dis (USD)	4.99%	-0.30%	-0.45%	-5.94%	1.39%	10.76%	-8.24%	-20.21%	-16.34%	5.93%	03/08/11
2B Acc (RMB)	2.04%	0.39%	0.62%	-5.18%	2.14%	3.51%	-10.41%	-13.08%	-13.94%	9.16%	27/07/11
2B Dis (RMB)	2.04%	0.41%	0.63%	-5.17%	2.15%	3.51%	-10.41%	-13.08%	-13.94%	9.17%	27/07/11
2C Dis (USD) <sup>5</sup>	4.99%	-0.26%	-0.45%	-5.94%	1.51%	10.76%	-8.23%	-20.22%	-16.35%	5.96%	10/08/11
2D Acc (HKD)	5.39%	-0.32%	-0.69%	-5.83%	-3.97%	10.25%	-7.69%	-20.23%	-16.20%	5.31%	21/02/18
2D Dis (HKD)	5.38%	-0.33%	-0.68%	-5.83%	-3.95%	10.28%	-7.71%	-20.23%	-16.19%	5.33%	09/02/18
2E Dis (AUD)	-0.05%	3.86%	1.15%	-3.67%	-1.80%	0.38%	-2.26%	-14.74%	-16.46%	16.00%	04/05/18
2F Acc (AUD-H)	1.85%	0.91%	1.25%	-5.99%	-1.44%	0.76%	-13.35%	-14.59%	-13.40%	10.74%	13/10/15
2F Dis (AUD-H)	3.18%	2.22%	1.69%	-5.75%	-4.67%	0.76%	-13.35%	-14.62%	-13.40%	10.76%	02/05/19
2G Acc (USD-H)	4.07%	3.32%	3.05%	-4.83%	-0.62%	1.58%	-13.12%	-13.70%	-11.98%	11.77%	13/10/15
2G Dis (USD-H)	4.09%	3.40%	3.10%	-4.80%	-0.73%	1.61%	-13.10%	-13.69%	-11.94%	11.81%	19/10/15
2I Dis (SGD-H)	2.21%	0.86%	1.30%	-5.83%	-4.69%	1.20%	-13.10%	-14.03%	-13.18%	9.86%	24/04/19
2K Dis (EUR-H)	2.19%	0.93%	1.48%	-6.16%	-5.32%	0.02%	-13.84%	-15.73%	-12.24%	10.28%	07/05/19
2L Dis (HKD-H)	2.69%	1.62%	1.93%	-5.57%	-4.26%	1.75%	-13.24%	-14.29%	-12.64%	10.63%	17/04/19

MONTHLY PERFORMANCE<sup>2</sup>: CLASS 2B ACCUMULATION (RMB)

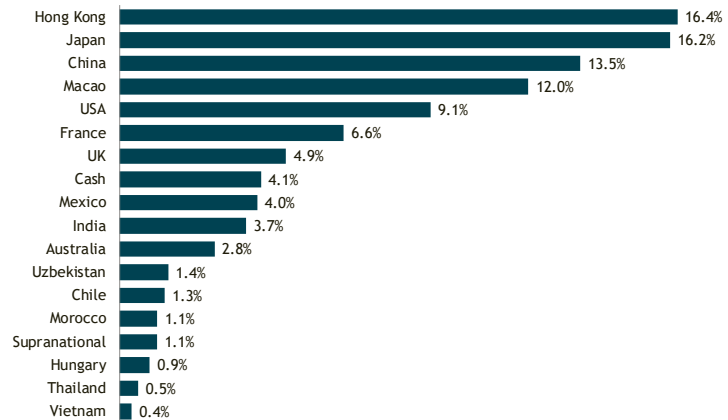
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	-0.86%	2.36%	-0.16%	-2.06%	0.56%	0.61%	0.69%	0.94%					2.04%
2024	2.07%	1.46%	1.10%	-1.35%	3.55%	2.15%	1.72%	-0.19%	0.30%	-0.10%	-1.39%	-0.41%	9.16%
2023	10.20%	-3.94%	-5.91%	-4.20%	-6.30%	1.28%	-2.05%	-4.63%	-0.22%	-1.77%	3.10%	0.68%	-13.94%
2022	-2.26%	-4.34%	-2.91%	0.75%	-3.45%	-6.38%	-4.71%	3.80%	-7.14%	-12.30%	17.57%	10.99%	-13.08%
2021	0.13%	0.62%	-0.41%	0.65%	0.16%	-0.68%	-1.61%	1.60%	-4.04%	-5.54%	-1.01%	-0.57%	-10.41%
2020	0.85%	-0.28%	-12.34%	2.84%	3.29%	3.42%	2.25%	1.77%	-1.23%	-0.01%	2.10%	1.87%	3.51%
2019	3.32%	1.02%	3.26%	0.72%	-0.03%	0.75%	-1.01%	-0.54%	-0.02%	0.70%	0.39%	0.93%	9.79%
2018	0.43%	-0.28%	-0.61%	-0.89%	-0.51%	-1.04%	2.04%	-0.12%	0.48%	-2.72%	-0.03%	1.64%	-1.68%
2017	1.74%	2.65%	0.67%	0.90%	-0.38%	0.70%	0.98%	0.89%	0.68%	0.77%	-0.30%	0.30%	10.00%
2016	-0.49%	-0.10%	2.76%	1.04%	1.33%	1.80%	1.68%	0.96%	0.18%	0.35%	-0.31%	-0.05%	9.50%
2015	0.32%	0.38%	0.40%	2.37%	0.97%	0.15%	0.26%	-2.55%	-0.24%	2.58%	0.20%	0.49%	5.35%
2014	-0.25%	1.59%	0.38%	0.69%	1.40%	1.30%	1.11%	1.40%	-0.36%	0.57%	0.31%	-0.43%	7.95%
2013	1.18%	0.58%	0.88%	2.16%	-1.24%	-3.38%	1.60%	-0.16%	0.99%	1.60%	0.25%	0.95%	5.40%
2012	2.21%	3.60%	0.43%	-0.23%	-0.91%	0.91%	2.03%	1.34%	1.26%	2.42%	1.60%	1.58%	17.41%

Unless stated otherwise, all data as of 29 August 2025. Source: Income Partners, fund performance is calculated on NAV to NAV basis in denominated currency with dividends re-invested. Performance is presented on a net-of-fees basis. Past performance is not indicative of future results.

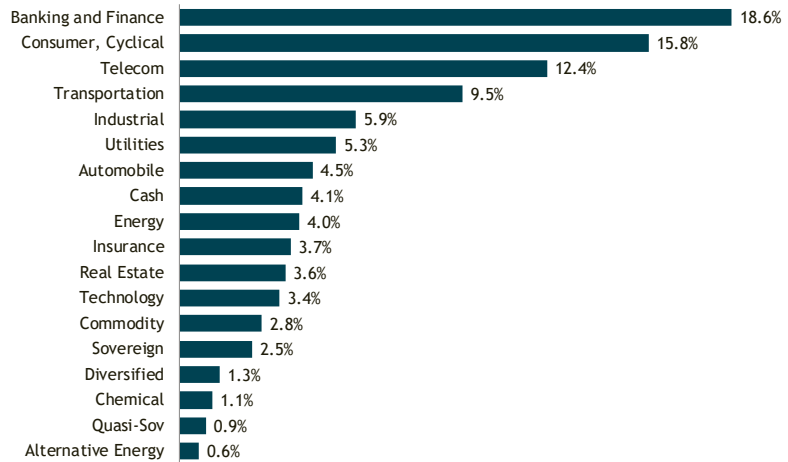
- The award is based on the performance from 1 October 2021 to 30 September 2022. Any awards won are not indicative on Income Partners' future performance. The awards should not be considered an endorsement of Income Partners by any client. The awards may not be representative of any client's experience. Income Partners may be required to pay a fee to participate in the nomination of the award.
- This document contains fund performance or NAV numbers which may be subject to amendments and further verification by the fund administrator. The fund administrator, rather than the manager, publishes the official fund NAV. Any performance numbers contained herein should not be relied on as official or final NAV of the Fund.
- The total return chart above shows the Fund's total return performance since inception.
- Annualized Dividend Yield: [(1 + distribution per unit / ex-dividend NAV) ^ distribution frequency] - 1. Yield figures are estimates and are based on the latest dividend distribution and the ex-dividend NAV of the previous month. Yield figures are for reference only. Positive dividend yield does not imply positive return. Dividend rate is not guaranteed and distributions may be paid from capital. In respect of the Class 2C (USD) Distribution Units, pay out non-discretionary monthly distributions at a fixed percentage of 7% per annum. The 7% annualized yield is calculated as follows: (total dividend paid or to be paid over the current calendar year / last available net asset value of the Fund) in the prior calendar year) x 100%.
- The calendar performance figures are calculated from share class launch dates to calendar year-end.
- The Sharpe Ratio is calculated as annualized return minus risk free rate (RFR) divided by annualized standard deviation. RFR is the simple average of 1 year CNH cross-currency swap rate.
- Yield to Maturity in RMB applies to all Unhedged share classes in RMB (2B), USD (2A), HKD (2D), AUD (2E), SGD (2H), EUR (2J), as investors are exposed to RMB risk.
- Yield to Maturity in USD applies to all Hedged share classes in USD-Hedged (2G), AUD-Hedged (2F), HKD-Hedged (2L), SGD-Hedged (2I), EUR-Hedged (2K), RMB (USD Exposure) (2X) as investors are not exposed to RMB risk.
- Where applicable, workout dates are used for the calculation of yield to maturity for callable bonds (sourced from Bloomberg). When calculating average YTM of the Fund, we conservatively use zero yield for defaulted bonds. For bonds with YTM that is greater than 80%, we conservatively apply current yield in place of YTM.
- \* With effect from 1 March 2024, the Fund is an eligible collective investment scheme in the new Capital Investment Entrant Scheme (New CIES) in Hong Kong.

## PORTFOLIO OVERVIEW<sup>12</sup>

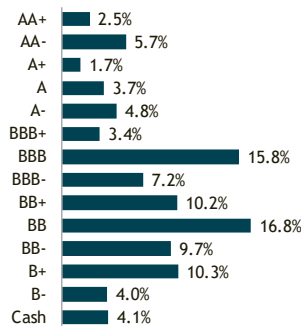
### Geographical Exposure



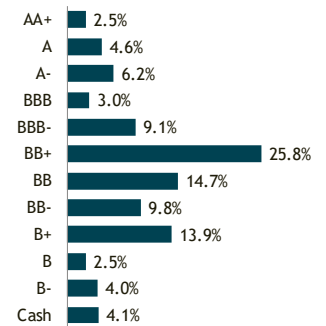
### Industry Exposure



### Credit Rating Exposure (Issuer)<sup>10</sup>



### Credit Rating Exposure (Bond)<sup>10</sup>



#### Fund Details

Base Currency	RMB
	2A (USD): USD1,000
	2B (RMB): RMB10,000
	2C (USD): USD1,000
	2D (HKD): HKD10,000
	2E (AUD): AUD1,000
Minimum Initial Investment	2F (AUD-H): AUD1,000
	2G (USD-H): USD1,000
	2H (SGD): SGD1,000
	2I (SGD-H): SGD1,000
	2J (EUR): EUR1,000
	2K (EUR-H): EUR1,000
	2L (HKD-H): HKD10,000
Fees & Charges <sup>13</sup>	Management Fee: 1.50% p.a.
	Subscription Charge: Up to 5.00%
Dealing Frequency	Daily
Dividend Frequency	Monthly (Please refer to important information VI)
Portfolio Manager	Emil Nguy
	Jack Zhai
	Jason Wong
Investment Advisor <sup>14</sup>	Zhong Ou Asset Management International Limited
Trustee	Cititrust Limited
Custodian & Administrator	Citibank, N.A., Hong Kong Branch
Transfer Agent	Citicorp Financial Services Limited
Share Class	Bloomberg ISIN
2A Acc (USD)	IRHY2AA HK HK0000421419
2A Dis (USD)	IPRHY2A HK HK0000421401
2B Acc (RMB)	IRHY2BA HK HK0000421435
2B Dis (RMB)	IPRHY2B HK HK0000421427
2C Dis (USD)	IPRHY2C HK HK0000421443
2D Acc (HKD)	IRHY2DA HK HK0000421468
2D Dis (HKD)	IPRHY2D HK HK0000421450
2E Acc (AUD)	IRHY2EA HK HK0000421484
2E Dis (AUD)	IPRHY2E HK HK0000421476
2F Acc (AUD-H)	IRHY2FA HK HK0000421500
2F Dis (AUD-H)	IPRHY2F HK HK0000421492
2G Acc (USD-H)	IRHY2GA HK HK0000421526
2G Dis (USD-H)	IPRHY2G HK HK0000421518
2H Acc (SGD)	IRHY2HA HK HK0000421542
2H Dis (SGD)	IPRHY2H HK HK0000421534
2I Acc (SGD-H)	IRHY2IA HK HK0000421567
2I Dis (SGD-H)	IPRHY2I HK HK0000421559
2J Acc (EUR)	IRHY2JA HK HK0000490018
2J Dis (EUR)	IPRHY2J HK HK0000490000
2K Acc (EUR-H)	IRHY2KA HK HK0000490034
2K Dis (EUR-H)	IPRHY2K HK HK0000490026
2L Acc (HKD-H)	IRHY2LA HK HK0000490059
2L Dis (HKD-H)	IPRHY2L HK HK0000490042
Fund AUM	RMB679 million / USD95 million

H = Hedged currency share class

## MANAGER'S COMMENTARY<sup>15</sup>

In August, the Asia high-yield bond market delivered its fourth consecutive month of positive returns, extending July's strong performance. Evolving macroeconomic dynamics continued to shape investor sentiment across the region.

In China, the equity market rally and the government's "anti-involution" campaign had notable effects on the economy. Rising equity markets bolstered the financial sector, while investors shifted funds from conservative investments into stocks. The 10-year China Government Bond (CGB) yield climbed steadily since June, touching 1.8% in August. Meanwhile, the "anti-involution" measures reduced overcapacity investments, though deflation persisted as supply still outpaced weakening demand. Growth in retail sales slowed due to fading subsidies, and the property sector remained under pressure amid softening demand.

## MANAGER'S COMMENTARY (Cont'd)<sup>14</sup>

In the United States, August data highlighted labor market softening, with nonfarm payrolls adding only 22,000 jobs, far below expectations, and unemployment rising to 4.3%. At Jackson Hole, Fed Chair Powell signaled a dovish pivot, reinforcing expectations of a 25-basis-point rate cut in September. Optimism over rate reductions drove equity markets higher, with the S&P 500 reaching new highs. However, concerns over Fed independence, trade-related inflation, and geopolitical uncertainties remain. In Europe, France's rising debt burdens and an upcoming confidence vote widened sovereign risk spreads, with French 10-year yields diverging from German Bunds.

Hong Kong led August's market performance, gaining +3.14% month-to-date (MTD). New World Development's bonds surged +16% MTD on privatization rumors, while GLP's bonds rose +15.3% following strategic investment announcements. Conversely, Road King defaulted on all outstanding bonds despite prior efforts to remain current. Other regional markets posted gains of +0.8% to +1.6% MTD, reflecting strong confidence in this asset class.

The fund size achieved solid growth in August, supported by steady inflows. Recent rebalancing efforts have positioned the fund to navigate market volatility while delivering attractive yields. We remain focused on crossover bond opportunities that offer compelling risk-reward profiles and have successfully reduced annualized volatility to below 5%. With an expanded investment landscape, particularly in the investment-grade space, we are actively participating in new issuances to capture premiums for our investors.

We remain optimistic about the market outlook and committed to delivering strong results through disciplined execution of our strategy.

10. The lower rating among equivalent ratings from S&P, Moody's, Fitch, or other internationally recognized rating agencies will be adopted. For bond holdings that are not rated by S&P, Moody's, Fitch, or other internationally recognized rating agencies, Income Partners will exercise discretion to apply internal credit ratings.

11. Top 10 Holdings is grouped by issuer, the Fund may hold multiple issues from the same issuer.

12. The total exposures may vary due to rounding. The credit rating exposures presented here are based on ratings from S&P/Moody's/Fitch or equivalent ratings from other internationally recognized rating agencies.

If S&P/Moody's/Fitch ratings for bond holdings are not available, Income Partners applies its internal credit ratings.

13. For other fees and charges, please refer to the offering documents.

14. The Fund utilizes the advisory services of Zhong Ou Asset Management International Limited. Income Partners is solely responsible for all related costs. No costs will be borne by the Fund.

15. Index or benchmark data are for reference purposes only and no comparability or relevance is warranted or implied.

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